

## *Consignments*

### **20.000 Introduction**

This chapter contains miscellaneous information relevant to dealer consignments.

### **20.005 Consignment Defined (VC §266)**

Consignment is defined as: "...an arrangement under which a dealer agrees to accept possession of a vehicle of a type required to be registered under the *California Vehicle Code* from an owner of record for the purpose of selling the vehicle and to pay the owner of record or the owner's designee from the proceeds of the sale."

Consignment **does not** include wholesale vehicle sales at a licensed auto auction.

### **20.010 Consignment Agreements Required (VC §11729)**

Dealers must execute a consignment agreement. Failure to comply with the terms of the agreement or to pay the agreed amount to the consignor (or designee) within 20 days after the date of sale is cause for suspension or revocation of the dealer's license. (VC §11705 [a, 10])

### **20.015 Contents of Consignment Agreement (VC §11730)**

By law, consignment agreements must contain the date the agreement is executed and **all** of the following statements:

- "I (We), the undersigned consignor(s), hereby consign and deliver possession of my (our) vehicle, which is a (year)\_\_\_\_ (make)\_\_\_\_ (ID#)\_\_\_\_ (license)\_\_\_\_ (state)\_\_\_\_ (mileage)\_\_\_\_, to (consignee) \_\_\_\_\_ (dealer #)\_\_\_\_\_ for the sole purpose of selling the vehicle and paying, to the consignor or his or her designee from the proceeds of the sale of the vehicle, the amount agreed upon under terms of this agreement. This agreement is effective and valid only for a period of \_\_\_\_\_ days from this date."
- "At the termination of this agreement, the consignee shall return the vehicle to the consignor, or, at the option of both the consignor and consignee, enter into a new agreement."

**20.015 Contents of Consignment Agreement, continued**

- “If the vehicle is sold by the consignee during the term of this agreement, the money due the consignor shall be disbursed within 20 days after the date of sale in accordance with the terms of this agreement. As used in this agreement, a ‘sale’ occurs when the consignee either (A) receives the purchase price or its equivalent or executes a conditional sales contract for the vehicle, or (B) when the purchaser takes delivery of the vehicle, whichever occurs first.”
- “The following information shall be completed prior to the signing of this agreement:  
 Current market value: \$\_\_\_\_\_ Source:\_\_\_\_\_.  
 Outstanding liens: \$\_\_\_\_\_ Lienholder:\_\_\_\_\_.  
 (Any difference between the outstanding amount shown and the actual payoff to the lienholder will be credited to the consignor.)  
 Repairs to be made: \$\_\_\_\_\_ Work Order # \_\_\_\_\_  
 Moneys to the consignor: \$\_\_\_\_\_ Percent of sale price or flat fee of \$\_\_\_\_\_.”
- “Within 20 days after sale, the consignee shall make an accounting to the consignor of all of the following: date of sale, sale price, name of purchaser, repairs authorized by consignor (supported by work orders), exact amount of any liens payable to lienholders, and evidence of payment.”
- “The consigned vehicle is delivered to the consignee in trust for the exact terms set forth in this agreement. The consignee agrees to receive this vehicle in trust and not to permit its use for any other purpose other than contained in this agreement without the express written consent of the consignor.”
- “Upon payment of the moneys due the consignor, the consignor agrees to furnish the consignee those documents necessary to transfer the ownership of the vehicle to the purchaser.”
- Signature(s) and address of both the consignor and the consignee **and** the date signed must be included.
- “NOTICE TO CONSIGNOR: Failure of the consignee to comply with the terms of this agreement may be a violation of statute which could result in criminal or administrative sanctions, or both. If you feel the consignee has not complied with the terms of this agreement, please contact the Department of Motor Vehicles, Division of Investigations or Occupational Licensing Branch, via the local Department of Motor Vehicles office.”